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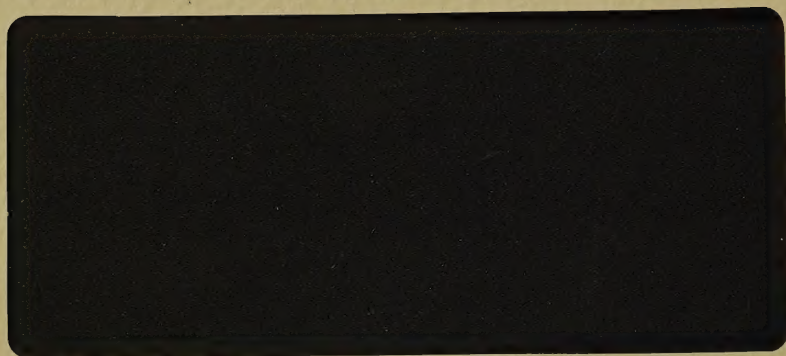
THE HAMILTON HARBOUR COMMISSIONERS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

Pannell
Kerr
MacGillivray

Chartered Accountants



THE HAMILTON HARBOUR COMMISSIONERS

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1986

AUDITORS' REPORT

To the Hamilton
Harbour Commissioners

We have examined the balance sheet of The Hamilton Harbour Commissioners as at December 31, 1986 and the statements of revenue and expenses, general capital and changes in cash resources for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. Our audit complies with the provisions of The Hamilton Harbour Commissioners Act.

In our opinion, these financial statements present fairly the financial position of The Hamilton Harbour Commissioners as at December 31, 1986 and the results of its operations and the changes in its cash resources for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

March 23, 1987.

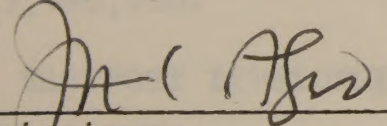
Pannell Kerr MacGillivray,
CHARTERED ACCOUNTANTS.

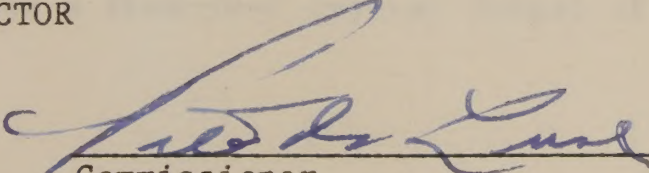
THE HAMILTON HARBOUR COMMISSIONERS
BALANCE SHEET
AS AT DECEMBER 31, 1986

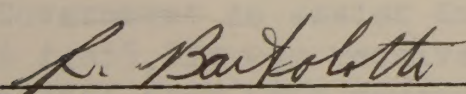
A S S E T S

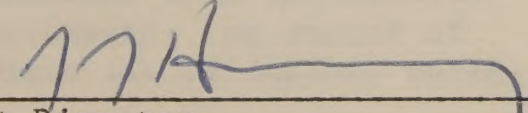
	1986	1985
CURRENT		
Cash	\$ 293,306	\$ -
Accounts receivable	2,277,725	2,425,734
Accrued interest receivable	730,703	747,430
Inventory	75,926	78,619
Prepaid expenses	69,998	60,372
	<u>3,447,658</u>	<u>3,312,155</u>
INVESTMENTS APPROPRIATED FOR FUTURE HARBOUR IMPROVEMENTS (note 2)	<u>12,200,000</u>	<u>11,750,000</u>
FIXED		
Land, docks and harbour improvements	33,723,967	24,963,535
Buildings	6,092,153	5,865,422
Equipment and vessels	4,312,921	4,220,599
	<u>44,129,041</u>	<u>35,049,556</u>
Less accumulated depreciation	<u>17,667,950</u>	<u>16,674,974</u>
	<u>26,461,091</u>	<u>18,374,582</u>
CAPITAL DEVELOPMENT IN PROGRESS	<u>2,532,000</u>	<u>8,618,146</u>
	<u>28,993,091</u>	<u>26,992,728</u>
	<u>\$ 44,640,749</u>	<u>\$ 42,054,883</u>

APPROVED BY THE COMMISSIONERS AND PORT DIRECTOR


Commissioner


Commissioner


Commissioner


Port Director

L I A B I L I T I E S

	1986	1985
CURRENT		
Bank indebtedness	\$ -	\$ 14,319
Accounts payable and accrued liabilities	1,482,094	2,193,473
Current portion of long-term debt	132,740	208,687
	<u>1,614,834</u>	<u>2,416,479</u>
LONG-TERM (note 4)		
Debentures payable - Government of Canada, 4-1/8%, to be redeemed before the year 2005	675,000	725,000
Loan payable - Government of Canada, due December 31, 1987, semi-annual instalments of blended principal and interest at 5-9/16%	40,597	118,564
at 6-1/16%	42,143	122,864
	<u>757,740</u>	<u>966,428</u>
Less current portion shown above	<u>132,740</u>	<u>208,687</u>
	<u>625,000</u>	<u>757,741</u>
TOTAL LIABILITIES	<u>2,239,834</u>	<u>3,174,220</u>

C A P I T A L

GENERAL CAPITAL	30,200,915	27,130,663
ALLOCATION FOR FUTURE HARBOUR IMPROVEMENTS (note 2)	12,200,000	11,750,000
	<u>42,400,915</u>	<u>38,880,663</u>
	<u>\$ 44,640,749</u>	<u>\$ 42,054,883</u>

THE HAMILTON HARBOUR COMMISSIONERS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue and expenses are accounted for on the accrual basis.

(b) Fixed Assets and Depreciation -

Fixed assets are recorded at acquisition cost.

Depreciation is provided on a straight-line basis at the following rates:

Docks and improvements	- 2%, 5%, 10%, 20%
Buildings	- 2-1/2%, 5%, 10%, 20%
Vessels and equipment	- 10%, 15%, 20%

(c) Inventory -

Inventory is recorded at actual cost on a first-in, first-out basis.

(d) Grant Recognition -

Capital grants are recorded, when receivable, as an increase in General Capital.

2. APPROPRIATION FOR FUTURE HARBOUR IMPROVEMENTS

During the year, the Commissioners appropriated a further \$ 450,000 of general capital for future harbour improvements, resulting in a total reserve of \$ 12,200,000 for this purpose. These funds are intended for future capital expenditures including the development of piers 25, 26 and 27 - Eastport Development.

This fund consists of bank deposit receipts in the amount of \$ 12,200,000.

In 1986, the Commissioners approved a five-year capital budget of \$ 23,490,000.

3. EASTPORT DEVELOPMENT

In 1983 the Commissioners received a commitment from the Federal Government to assist in financing the Eastport Development. An amount of \$ 1,635,233 was received or receivable in 1986. There are no further anticipated grants from this source in future years.

4. LONG-TERM DEBT

The aggregate amount of repayments on the long-term debt due within the next five years is as follows:

1987	-	\$ 132,740
1988	-	50,000
1989	-	50,000
1990	-	50,000
1991	-	50,000

5. BASIS OF PRESENTATION

In order to comply with new recommendations issued by the Canadian Institute of Chartered Accountants, the Commissioners have presented a statement of changes in cash resources. For comparative purposes, the former statement of changes in financial position (which focused on working capital) has been amended to conform with the basis of presentation adopted for the current year.

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF GENERAL CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>1986</u>	<u>1985</u>
GENERAL CAPITAL - BEGINNING OF YEAR	\$ 27,130,663	\$ 26,157,868
Add - grants from federal government (note 3)	1,635,233	1,523,423
- excess of revenue over expenses for the year	<u>1,885,019</u>	<u>999,372</u>
	30,650,915	28,680,663
Appropriation for future harbour improvements	<u>450,000</u>	<u>1,550,000</u>
GENERAL CAPITAL - END OF YEAR	<u><u>\$ 30,200,915</u></u>	<u><u>\$ 27,130,663</u></u>

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>1986</u>		<u>1985</u>	
REVENUE				
Harbour operations -				
Cargo rates	\$ 1,115,293		\$ 1,002,902	
Other income	<u>66,054</u>	\$ 1,181,347	<u>67,007</u>	\$ 1,069,909
Terminals -				
Warehousing and handling	2,053,287		1,632,027	
Equipment	181,622		156,158	
Other income	<u>10,074</u>	2,244,983	<u>6,611</u>	1,794,796
Rental income -				
Piers and property	1,419,379		1,528,392	
Buildings	266,934		216,683	
Rights of way	33,302		33,120	
Side wharfage	<u>137,679</u>	1,857,294	<u>116,153</u>	1,894,348
Marine dockyard		909,580		850,123
Sundry income -				
Recovery of (provision for) prior years' expenses	(2,401)		(12,391)	
Profit (loss) on fixed asset disposals	16,076		5,471	
Interest on deposit receipts	1,162,888		1,137,809	
Interest on savings	25,384		25,068	
Landfill fees	-		153,570	
Other income and interest	<u>17,130</u>	1,219,077	<u>6,667</u>	1,316,194
TOTAL REVENUE, carried forward		<u>7,412,281</u>		<u>6,925,370</u>

	1986		1985	
TOTAL REVENUE, brought forward		\$ 7,412,281		\$ 6,925,370
OPERATING EXPENSES				
Harbour operations -				
Policing, harbour control				
and marine safety	\$ 278,923		\$ 1,235,909	
Vessels operations	<u>24,048</u>	302,971	<u>19,543</u>	1,255,452
Terminals -				
Salaries and wages	1,015,833		804,249	
Equipment operating				
expenses	212,857		200,824	
Other operating				
expenses	<u>194,332</u>	1,423,022	<u>180,140</u>	1,185,213
Rental expenses -				
Realty taxes	28,894		51,058	
Other operating expenses	<u>291,573</u>	320,467	<u>208,002</u>	259,060
Marine dockyard -				
Salaries and wages	329,932		332,820	
Materials, gasoline				
and sublets	178,419		186,146	
Other operating expenses	<u>86,343</u>	594,694	<u>70,197</u>	589,163
		2,641,154		3,288,888
Depreciation of docks,				
buildings and equipment		<u>1,189,324</u>		<u>945,806</u>
TOTAL OPERATING EXPENSES		<u>3,830,478</u>		<u>4,234,694</u>
GROSS OPERATING MARGIN, carried forward		3,581,803		2,690,676

	1986	1985
GROSS OPERATING MARGIN, brought forward	\$ 3,581,803	\$ 2,690,676
ADMINISTRATIVE, OFFICE AND GENERAL EXPENSES		
Commissioners' remuneration	\$ 22,000	\$ 22,000
Management and office salaries	336,606	342,652
Office expenses and car allowances	98,333	102,620
Workers' compensation and unemployment insurance	106,459	109,316
Contributions to employees pension, group and medical plans	371,956	363,751
Professional fees	64,428	111,541
Trade development and public relations	118,498	90,214
Engineering department	295,412	261,571
Fire and general insurance	151,625	155,925
Travelling expenses	29,584	37,576
Interest on debentures	29,391	31,453
Interest on long-term loan	11,769	20,612
Bad debt expense	6,746	7,511
Sailing programme (net)	53,977	34,562
	<u>1,696,784</u>	<u>1,691,304</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 1,885,019</u>	<u>\$ 999,372</u>

THE HAMILTON HARBOUR COMMISSIONERS
STATEMENT OF CHANGES IN CASH RESOURCES
FOR THE YEAR ENDED DECEMBER 31, 1986

	<u>1986</u>	<u>1985</u>
CASH FROM OPERATIONS		
Excess of revenue over expenses	\$ 1,885,019	\$ 999,372
Add (deduct) non-cash items -		
Depreciation	1,189,324	945,806
Net (gain) loss on fixed asset disposals	(16,076)	(5,471)
	<u>3,058,267</u>	<u>1,939,707</u>
Working capital derived from operations		
Decrease (increase) in working capital -		
Accounts receivable	148,009	(244,372)
Accrued interest receivable	16,727	(27,834)
Inventory	2,693	(320)
Prepaid expense	(9,626)	(16,601)
Accounts payable	(711,379)	470,060
	<u>\$ 2,504,691</u>	<u>\$ 2,120,640</u>
CASH DERIVED FROM (APPLIED TO)		
INVESTING ACTIVITIES		
Fixed asset acquisitions	(\$ 3,215,189)	(\$ 2,067,687)
Proceeds on disposal of fixed assets	41,578	11,939
	<u>(\$ 3,173,611)</u>	<u>(\$ 2,055,748)</u>
CASH DERIVED FROM (APPLIED TO)		
FINANCING ACTIVITIES		
Repayments of long-term debt	(\$ 208,688)	(\$ 199,845)
Government grants	1,635,233	1,523,423
Increase in investments appropriated for future harbour improvements	(450,000)	(1,550,000)
	<u>\$ 976,545</u>	<u>(\$ 226,422)</u>
NET INCREASE (DECREASE) IN CASH RESOURCES FOR THE YEAR	\$ 307,625	(\$ 161,530)
(DEFICIENCY) CASH RESOURCES - BEGINNING OF YEAR	(14,319)	147,211
CASH RESOURCES (DEFICIENCY) - END OF YEAR	<u>\$ 293,306</u>	<u>(\$ 14,319)</u>

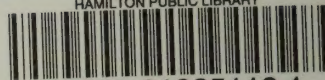
THE HAMILTON HARBOUR COMMISSIONERS
FIXED ASSETS AND DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 1986

FIXED ASSETS	Cost at Dec.31/85	Additions	Deductions	Cost at Dec.31/86	Accumulated Dep'n at Dec.31/85	Depreciation 1986	Reduction 1986	Accumulated Dep'n at Dec.31/86
LAND, DOCKS AND HARBOUR IMPROVEMENTS								
Harbour land	\$ 2,411,490	\$ 593,316	\$ -	\$ 3,004,806	\$ -	\$ -	\$ -	\$ -
Harbour waterways - Harbour channels	761,050	-	-	761,050	-	-	-	-
Harbour real estate -								
Water lots	1	-	-	1	-	-	-	-
Water lots	1	-	-	1	-	-	-	-
Sand deposits	1	-	-	1	-	-	-	-
Park area, police basin	17,118	-	-	17,118	-	-	-	-
	17,121	-	-	17,121	-	-	-	-
Wharves, piers and floats -								
Pier #8, Centennial	1,710,693	4,244	-	1,714,937	676,367	34,638	-	711,005
Pier #10, Wellington Street	3,122,820	10,256	-	3,133,076	1,271,401	63,482	-	1,334,883
Pier #11, Victoria Avenue	1,361,037	7,073	-	1,368,110	543,465	27,928	-	571,393
Pier #12, Emerald Street	6,488,405	9,195	-	6,497,600	1,265,640	130,687	-	1,396,327
Pier #14, Ship Street	1,855,491	71,489	-	1,926,980	756,962	44,259	-	801,221
Pier #23, Strathearne Avenue	2,993,004	4,597	-	2,997,601	1,219,516	60,320	-	1,279,836
Pier #24, Strathearne Avenue	944,866	-	-	944,866	357,925	18,897	-	376,822
Pier #25, Bayside	1	4,547,864	-	4,547,865	-	90,957	-	90,957
Pier #26, Bayside	1	-	-	1	-	-	-	-
Pier #27, Bayside	1	-	-	1	-	-	-	-
Pier #28, Bayside	1	-	-	1	-	-	-	-
Other wharves and marinas	879,171	-	3,570	875,601	673,942	11,454	3,569	681,827
	19,355,491	4,654,718	3,570	24,006,639	6,765,218	482,622	3,569	7,244,271
Equipment - wharves, piers and floats	668,020	642,756	-	1,310,776	279,559	90,761	-	370,320
Railway system tracks	209,934	1,436,840	-	1,646,774	173,618	48,602	-	222,220
Roads, parking lots and paved areas	1,260,200	1,179,024	-	2,439,224	440,986	107,163	-	548,149
Fences	67,663	32,436	-	100,099	51,502	4,244	-	55,746
Improvements - sewers	212,566	224,912	-	437,478	39,432	21,874	-	61,306
TOTAL OF LAND, DOCKS AND IMPROVEMENTS	\$ 24,963,535	\$ 8,764,001	\$ 3,570	\$ 33,723,967	\$ 7,750,315	\$ 755,266	\$ 3,569	\$ 8,502,012
CAPITAL DEVELOPMENT IN PROGRESS								
Pier 25/27	\$ 8,618,146	\$ 2,549,701	\$ 8,635,847	\$ 2,532,000	\$ -	\$ -	\$ -	\$ -

FIXED ASSETS	Cost at Dec.31/85	Additions	Deductions	Cost at Dec.31/86	Accumulated Dep'n at Dec.31/85	Depreciation 1986	Reduction 1986	Accumulated Dep'n at Dec.31/86
BUILDINGS								
Permanent sheds -								
Wellington Street Sheds #1 and #2 & L.T. Garage	\$ 296,813	\$ -	\$ -	\$ 296,813	\$ 230,983	\$ 6,901	\$ -	\$ 237,884
Wellington Street Sheds #3 and #4	207,562	-	-	207,562	207,170	390	-	207,560
Wellington Street Shed #8	896,616	-	-	896,616	896,616	-	-	896,616
Centennial Terminal #7	103,616	-	-	103,616	85,843	3,553	-	89,396
Centennial Terminal #5	368,699	-	-	368,699	342,692	3,251	-	345,943
Centennial Terminal #6	464,779	-	-	464,779	451,640	1,877	-	453,517
C.S.L. Terminal - Pier #24	1,174,564	1,864	-	1,176,428	1,120,098	54,559	-	1,174,657
	<u>3,512,649</u>	<u>1,864</u>	<u>-</u>	<u>3,514,513</u>	<u>3,335,042</u>	<u>70,531</u>	<u>-</u>	<u>3,405,573</u>
Other harbour buildings -								
Administration building	1,115,501	224,867	-	1,340,368	916,055	39,348	-	955,403
Wellington Street office building	299,774	-	-	299,774	299,772	-	-	299,772
Marine garage	105,700	-	-	105,700	102,766	2,399	-	105,165
Aids to navigation building	21,697	-	-	21,697	20,664	1,033	-	21,697
Wentworth Street office building	50,610	-	-	50,610	47,547	2,530	-	50,077
Harbour shops	237,549	-	-	237,549	216,585	4,885	-	221,470
Brewery building	340,297	-	-	340,297	238,418	17,015	-	255,433
Truck terminal	84,951	-	-	84,951	33,980	8,495	-	42,475
Other buildings	96,694	-	-	96,694	80,777	3,770	-	84,547
	<u>2,352,773</u>	<u>224,867</u>	<u>-</u>	<u>2,577,640</u>	<u>1,956,564</u>	<u>79,475</u>	<u>-</u>	<u>2,036,039</u>
TOTAL BUILDINGS	<u>\$ 5,865,422</u>	<u>\$ 226,731</u>	<u>\$ -</u>	<u>\$ 6,092,153</u>	<u>\$ 5,291,606</u>	<u>\$ 150,006</u>	<u>\$ -</u>	<u>\$ 5,441,612</u>

FIXED ASSETS	Cost at Dec.31/85	Additions	Deductions	Cost at Dec.31/86	Accumulated Dep'n at Dec.31/85	Depreciation 1986	Reduction 1986	Accumulated Dep'n at Dec.31/86
VESSELS								
Derrick Barge, Cargo Master	\$ 254,447	\$ -	\$ -	\$ 254,447	\$ 254,447	\$ -	\$ -	\$ 254,447
Ice patrol boat	5,820	-	-	5,820	5,820	-	-	5,820
Patrol boat #5	16,117	-	16,117	-	16,117	-	16,117	-
Pilot boat Judge McCombs	19,354	-	-	19,354	19,354	-	-	19,354
Boston Whaler - Revenge	7,110	-	7,110	-	7,110	-	7,110	-
Sailing programme	73,065	36,038	24,848	84,255	40,236	8,426	12,902	35,760
Boston Whaler - Outrage	13,514	-	13,514	-	13,514	-	13,514	-
Air Scoot	15,099	-	15,099	-	9,056	-	9,056	-
40 foot cruiser	117,432	-	-	117,432	68,125	11,743	-	79,868
Harbour launch - Bertram	24,591	-	-	24,591	7,377	2,459	-	9,836
	<u>546,549</u>	<u>36,038</u>	<u>76,688</u>	<u>505,899</u>	<u>441,156</u>	<u>22,628</u>	<u>58,699</u>	<u>405,085</u>
EQUIPMENT	<u>81,164</u>	<u>1,455</u>	<u>44,426</u>	<u>38,193</u>	<u>66,881</u>	<u>2,021</u>	<u>37,042</u>	<u>31,860</u>
TOTAL OF VESSELS	<u>\$ 627,713</u>	<u>\$ 37,493</u>	<u>\$ 121,114</u>	<u>\$ 544,092</u>	<u>\$ 508,037</u>	<u>\$ 24,649</u>	<u>\$ 95,741</u>	<u>\$ 436,945</u>
EQUIPMENT								
Harbour	\$ 32,917	\$ -	\$ 6,868	\$ 26,049	\$ 32,227	\$ 648	\$ 6,867	\$ 26,008
Operational	2,996,281	103,126	81,868	3,017,539	2,641,868	209,475	81,867	2,769,476
Sheds	192,867	-	-	192,867	192,865	-	-	192,865
Other buildings	32,699	-	-	32,699	29,741	295	-	30,036
Offices	147,515	104,423	1,374	250,564	101,389	18,583	1,374	118,598
Automotive	119,115	-	3,262	115,853	79,815	14,113	3,262	90,666
Miscellaneous	71,492	65,560	3,794	133,258	47,111	16,289	3,668	59,732
TOTAL EQUIPMENT	<u>\$ 3,592,886</u>	<u>\$ 273,109</u>	<u>\$ 97,166</u>	<u>\$ 3,768,829</u>	<u>\$ 3,125,016</u>	<u>\$ 259,403</u>	<u>\$ 97,038</u>	<u>\$ 3,287,381</u>
TOTAL OF VESSELS AND EQUIPMENT	<u>\$ 4,220,599</u>	<u>\$ 310,602</u>	<u>\$ 218,280</u>	<u>\$ 4,312,921</u>	<u>\$ 3,633,053</u>	<u>\$ 284,052</u>	<u>\$ 192,779</u>	<u>\$ 3,724,326</u>
TOTAL ALL FIXED ASSETS	<u>\$ 43,667,702</u>	<u>\$ 11,851,036</u>	<u>\$ 8,857,697</u>	<u>\$ 46,661,041</u>	<u>\$ 16,674,974</u>	<u>\$ 1,189,324</u>	<u>\$ 196,348</u>	<u>\$ 17,667,950</u>

HAMILTON PUBLIC LIBRARY



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